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DC BRANCH # 1014
A FARM LOAN PROGRAM

recreation facilities



FARMERS HOME ADMINISTRATION
U.S. DEPARTMENT OF AGRICULTURE
PA. 1014

recreation facilities

The Farmers Home Administration makes loans to assist eligible farmers in boosting their incomes by converting all or portions of their farms and ranches to income-producing outdoor recreation enterprises.

Each recreation loan is tailored to the individual borrower's needs. The Farmers Home Administration county supervisor helps the borrower analyze his problems and determine his available resources. He assists in planning how these resources, plus those obtained by the loan, may best be used. He also visits the borrower's farm to provide advice on adjusting farm and nonfarm operations to the new recreation enterprise and on adopting improved business practices.

Each person applying for credit is given equal consideration without regard to race, color, creed or national origin.

Applications from eligible veterans are given preference.

Recreation loans are made from funds advanced by private lenders and insured by the Farmers Home Administration.

How may loan funds be used?

Recreation loans may be used to develop land and water resources; repair and construct buildings; buy land, equipment, livestock and other recreation items and pay necessary operating expenses.

Recreation enterprises that may be financed include:

<i>Camp grounds and equipment</i>	<i>Lakes and ponds for</i>
<i>Horseback riding stables</i>	<i>boating and fishing</i>
<i>Swimming facilities</i>	<i>Nature trails</i>
<i>Tennis courts</i>	<i>Golf courses</i>
<i>Shooting preserves</i>	<i>Hunting facilities</i>
<i>Vacation cottages</i>	<i>Winter sports areas</i>
<i>Lodges and rooms for visitors</i>	<i>Target ranges</i>
	<i>Trailer parks</i>

A recreation facility developed with a Farmers Home Administration loan cannot be for the exclusive use of the farmer-borrower and his family. It must be an income-producing enterprise.

Loans may not be used to finance structures or farming enterprises that are inconsistent with local anti-pollution or environmental quality standards and regulations.

Who may borrow?

To be eligible, an applicant must:

- (1) Be a citizen of the United States of legal age.
- (2) Possess legal capacity to incur the obligations of the debt.
- (3) Possess the character, industry and ability to carry out the operation.

(4) Be an individual engaged in farming at the time he applies for a loan.

(5) Be the manager and operator of the recreation enterprise after the loan is made.

(6) Be unable to obtain sufficient credit elsewhere at reasonable rates and terms.

(7) If a tenant, have a written lease for a sufficient period of time and under terms that will assure him reasonable returns on the recreation enterprise.

Who determines eligibility?

The county or area committee of the Farmers Home Administration determines eligibility of applicants. The committee consists of three persons who know local business and credit conditions. Before acting on an application, committee members may ask the farmer and his wife to meet with them or they may visit the farm.

What are the amounts and terms of loans?

Intermediate-term loans up to \$50,000 may be made to finance recreation equipment and operating expenses. The interest rates on these loans is determined each July 1. Repayments are scheduled over one to 7 years; in some cases loans may be renewed for up to 5 years.

Long-term loans are also available. A farmer may borrow up to \$100,000. The interest rate is 5 percent per year on the unpaid principal. The maximum term is 40 years.

A borrower may make large payments in years of high income to build a reserve that will keep the loan in good standing during years of low income. Each borrower must refinance the unpaid balance of the loan with private lenders when able to do so at reasonable rates and terms.

What security is required?

Intermediate-term credit is secured by liens on chattel property, including livestock, equipment and fixtures. A long-term loan is generally secured by a mortgage on the farm.

May a borrower use other credit?

Yes. Borrowers are encouraged to obtain needed credit from other sources when it is available to them at reasonable rates and terms.

May a farmer with off-farm income qualify for a loan?

Yes, if he is otherwise eligible.

Does it cost anything to apply for a loan?

No. However, if a loan is made, the borrower pays for legal services necessary to establish a satisfactory title to the farm if a real estate mortgage is taken. He also pays the small fees charged by the county government for lien searches and for filing and recording the security instruments held by Farmers Home Administration. These costs may be included in the loan.

Where does one apply for a loan?

Application may be made at the county Farmers Home Administration office serving the area in which operations will be conducted.

Anyone unable to locate the local office may write the Farmers Home Administration, U.S. Department of Agriculture, Washington, D.C. 20250.

How do recreation loans aid in rural areas development?

These loans act as a catalyst in stimulating development of recreational and business value to rural areas. Today, there is a pressing need in the United States for additional healthful outdoor recreation opportunities. With the prospect of longer nonworking weekends, shorter work days, improved highways, longer vacations and earlier retirements, the demand for outdoor recreation should continue to expand. Recreation loans help meet this need. They also help farm families acquire the resources they need to improve their operations, raise their standards of living and increase their incomes.

What other loans are made by the Farmers Home Administration?

Loans are made to purchase and develop farms, buy livestock and equipment and pay farm and home operating expenses, build and improve rural homes and essential farm buildings, provide rental housing, develop rural community water and waste disposal systems, build housing for farm laborers, develop watersheds, refinance debts, carry out soil conservation measures, and to meet emergency credit needs of farmers suffering from a natural disaster such as hail, flood or drought.

Supersedes "Loans for
Recreation Enterprises", PA 723.
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